GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

STARRED QUESTION NO:334
ANSWERED ON:16.04.2002
TARGET FOR DISINVESTMENT
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Will the Minister of DISINVESTMENT be pleased to state:

(a) the target fixed for disinvestment of Public Sector Undertakings for the year 2002-2003;

(b) whether the Government could not achieve the disinvestment target fixed for 2001-2002;

(c) if so, the reasons therefore;

(d) whether the Government propose to take new initiative in this regard; and

(e) if so, the details thereof?

Answer

MINISTER OF DISINVESTMENT AND MINISTER OF DEVELOPMENT OF NORTH EASTERN REGION (SHRI ARUN SHOURIE)

(a) Target of receipts from the disinvestment of PSUs for the year 2002-2003 has been fixed Rs. 12,000 crore.

(b) Yes, Sir.

(c) Disinvestment process is an on-going process and each transaction has to go through an elaborate process of participative decision making i.e. elaborate consultations with the concerned administrative Ministries and Stakeholders. For various reasons like market conditions, financial performance of the companies under consideration, terms and conditions of sale, interest of the bidders, time taken for due diligence by the interested parties etc. the completion of the disinvestment exercise may overshoot the targeted date. Moreover, decision to disinvest is based on considerations like classification of industry as strategic or non-strategic and not on considerations like profitability. It is always ensured that the best price determined by the market forces is obtained for the stake being disinvested. Government of India does not disinvest in distress to meet any deadlines. In view of such market related factors, it is not possible to adhere to any strict time schedule for disinvestment. Under the circumstances, the companies earmarked for disinvestment in earlier years are carried over to the next year disinvestment plan and annual receipts may fall much short of the annual targets. Nevertheless, every attempt is made to ensure that delay is avoided.

(d)&(e) The target for realising Rs. 12,000 crore through disinvestment in PSUs has been set in Budget for the year 2002-2003. As indicated above, the successful implementation of the Government decision for disinvestment in any PSU depends on a variety of factors including market conditions, interest of prospective bidders, adequacy of bid price etc. Now that a sizeable pipeline of about 32 PSUs has been prepared and that the policy and procedures have been streamlined and well accepted, Ministry of Disinvestment is hopeful of meeting the target for 2002-2003.